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C O N F I D E N T I A L DHAKA 002799

SIPDIS

DEPARTMENT PASS TO USTR  
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TAGS: [ETRD](#) [ECON](#) [PGOV](#) [BG](#)

SUBJECT: THE IMPORTANCE OF MOVING FORWARD WITH TIFA

Classified By: Ambassador Harry K. Thomas, reason para 1.4(d)

1. (C) In light of the upcoming TPSC meeting, I would like to stress our compelling political, economic, and potentially commercial reasons for securing a TIFA with Bangladesh.

2. (C) I understand that the key issue is whether to add explicit references to bribery and corruption. As you know, corruption is a major problem in Bangladesh, and we take it very seriously because of its major threat to a wide range of key USG interests, from security to commerce. Ironically, TIFA is already poised to play a significant role in the battle against corruption because TIFA would, for the first time, give the USG a mechanism and a platform for publicly and privately pursuing corruption and transparency problems in Bangladesh. The BDG understands and accepts that aspect of TIFA, but for political reasons it will not agree to the explicit language on corruption that we'd prefer.

3. (C) There are other points worth considering:

A) TIFA would also be an excellent forum for addressing other impediments to FDI, like poor governance, that are central to our cross-cutting MPP strategic goals of counter-terrorism, democratic practices, and economic growth and development.

B) If the USG changes the TIFA language at this late date, we expose ourselves to Bangladeshi allegations of double standards and bad faith because: 1) the BDG has older TIFA texts without the new language; 2) we had preliminary agreement on the current draft, and 3) the TIFA ball has been in the USG, not BDG, court for almost a year because of USG concerns about how the EPZ labor standards/GSP issue would play out. I know there are fair rejoinders to all three points, but the political reality here would be very different.

C) Because the TIFA negotiation with Bangladesh has been underway for so long, and perhaps because it was USG delay at the end that carried it over into an era of new standards on corruption language, I would hope that we could "grandfather" the Bangladesh draft. I believe we have sufficient grounds to defend such an action and thereby prevent its becoming a negative precedent for future TIFA's.

D) USG credibility has recently taken some serious shots in the Muslim world, including Bangladesh. Pulling the plug on TIFA for what Bangladeshis would see as ambiguous reasons at best would bolster the view that the U.S. is no longer interested in doing routine business with the Muslim world.

4. (C) We have important strategic reasons for helping Bangladesh succeed, politically and economically, and approving the Bangladesh TIFA would be a significant step in that direction. Commercially, Bangladesh is a nation of 145 million persons, including eight million with annual incomes of USD 10,000 or more. Despite its many problems, Bangladesh's economy is growing at annual 5-6 percent rates, and it has several promising emerging sectors of growing interest to Middle Eastern, European, Asian, and American investors.

5. (C) Therefore, I strongly urge policy-makers not to sacrifice this significant opportunity for positive engagement and movement on key issues with a key country for the sake of declaratory language that we cannot achieve, that would effectively kill TIFA, and that would have no impact on how TIFA was actually implemented or, I believe, viewed.

THOMAS